

KEY UPCOMING DATA & EVENTS THIS WEEK

US

- Mar 04: Construction spending (Dec.)
- Mar 05
 - ISM Non-manufacturing (Feb.)
 - New home sales (Dec.)
- Mar 06
 - ADP employment change (Feb.)
 - Trade balance (Dec.)
- Mar 07:
 - Initial jobless claims (02/03)
 - Continuing claims (23/02)
 - Fed's Brainard speaks
- Mar 08:
 - Non farm payrolls (Feb.)
 - Building permits (Jan.)
 - Housing starts (Jan.)

EUROZONE

- Mar 05:
 - Retail sales (Jan)
 - Markit services and composite PMI (Feb.)
- Mar 06: OECD interim economic outlook
- Mar 07:
 - GDP (Q4)
 - ECB policy meeting

GREECE

- Mar 07:
 - Unemployment rate (Dec.)
 - GDP (Q4)

SEE

BULGARIA

- Mar 07: GDP (Q4)
- Mar 08:
 - Industrial production (Jan)
 - Retail sales (Jan.)

CYPRUS:

- Mar 07: CPI (Feb.)

ROMANIA

- Mar 05: Retail sales (Jan.)
- Mar 07: GDP (Q4)

SERBIA

- Mar 07: Key Policy Interest Rate announcement

Source: Reuters, Bloomberg, Eurobank Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: Taking their lead from Wall Street's modest losses overnight, European bourse opened slightly lower today ahead of the highlights due later this week, including the ECB's monetary policy meeting on Thursday and US February's non-farm payroll data on Friday. Meanwhile, US Treasuries and German Bunds extended Tuesday's gains supported by renewed global growth concerns after GDP data from Australia showed a slowdown in Q4 2018 to 0.2%QoQ, the weakest pace of expansion since Q3 2016. In FX markets, the AUD was among the major underperformers while the EUR/USD marked a two-week low of 1.1287 earlier today on market concerns that, amid ongoing economic weakness in the Eurozone and subdued inflation pressures, ECB President Mario Draghi is likely to adopt a more dovish tone at this week's press conference. Today's focus is on the US ADP employment report.

GREECE: Yesterday the Hellenic Republic, rated B1 Moody's/ B+ S&P/ BB- Fitch/ BH DBRS (stb/ pos/ stb/ pos), priced a €2.5 billion 10-year Government Bond (GGB) due 12th March 2029. The new benchmark carries a coupon of 3.875% and reoffer yield of 3.900%. The distribution by investor profile was 11% hedge funds, 4% pension/insurance, 68% fund managers, 14.5% banks/private banks and 2.5% CB/Ois. The distribution by investor country was 37.5% UK, 12% Greece, 9.5% Germany/Austria, 9.5% France, 8% US, 6.5% Italy, 6% Nordics, 5% Iberia, 5.5% Other Europe and 0.5% Other. In other news, deliberations between the Greek government and the institutions on the revision of the legal framework for the protection of primary residences of debtors are still ongoing.

SOUTH EASTERN EUROPE

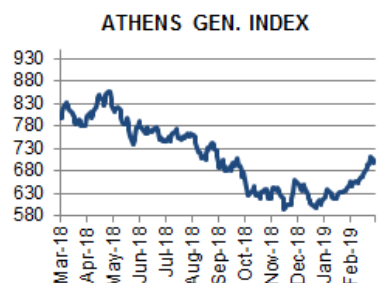
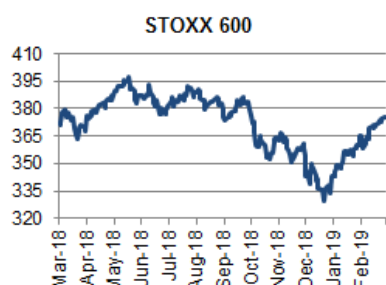
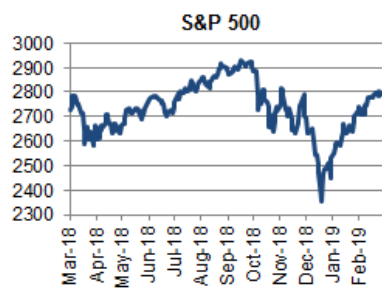
CYPRUS: Residential property prices expanded by 0.3% QoQ/1.6% YoY in Q3-2018.

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Latest world economic & market developments

GLOBAL MARKETS



Source: Reuters, Bloomberg, Eurobank Research

The majority of Asian bourses ended firmer today, with Chinese equities outperforming, supported by Chinese authorities' announcement at the annual National Party Congress on Tuesday for more stimulus measures to reduce the risk of a sharper economic slowdown. The 2019 GDP growth target was revised lower at a range of 6.0% to 6.5% versus a point target of 6.5% previously. On the flipside, taking their lead from Wall Street's modest losses overnight, European bourses opened slightly lower today ahead of the highlights due later this week, including the ECB's monetary policy meeting on Thursday and US February's non-farm payroll data on Friday. Turning to government bond markets, US Treasuries extended Tuesday's gains supported by renewed global growth concerns after GDP data from Australia showed a slowdown in Q4 2018 to 0.2%QoQ, the weakest pace of expansion since Q3 2016, confounding expectations for a growth rate of 0.3%QoQ, the same as in the previous quarter. Against this background, the 10-yr US yield was standing slightly below 2.71% in early European trade at the time of writing, c. 1bp lower on the day and well below last Friday's 2.77% intraday multi-session high, shrugging off a jump in the ISM non-manufacturing PMI to a three-month high of 59.7 in February from January's 56.7. In spite of a 0.5 points rebound in the Eurozone's February final composite output PMI to a four-month high of 51.9 driven by a bounce in the services headline, German Bunds followed suit. The 10-yr Bund yield fell close to a one-week trough of 0.13% at some point earlier today before rebounding to levels around 0.15% at the time of writing, albeit still some 2bps lower compared to Tuesday's settlement and around 6bps below a one-month high recorded late last week. In FX markets, the AUD was among the major underperformers falling to a two-month low close to 0.70 against the USD earlier today pressured by weaker than expected Australia's Q4 GDP growth data. The EUR was also under pressure against the USD marking a two-week low of 1.1287 earlier today on market concerns that, amid ongoing economic weakness in the Eurozone and subdued inflation pressures, ECB President Mario Draghi is likely to adopt a more dovish tone at this week's press conference. Today's focus is on the US ADP employment report.

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GREECE

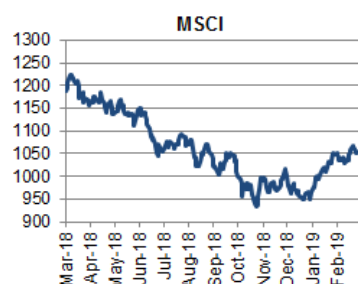
Yesterday the Hellenic Republic, rated B1 Moody's/ B+ S&P/ BB- Fitch/ BH DBRS (stb/ pos/ stb/ pos), priced a €2.5 billion 10-year Government Bond (GGB) due 12th March 2029. The new benchmark carries a coupon of 3.875% and reoffer yield of 3.900%. This transaction is the Hellenic Republic's second syndicated benchmark of 2019 as it follows the €2.5 billion 3.45% long 5-year benchmark issued in January 2019. It is also the longest maturity syndicated by the Hellenic Republic since its return to capital markets and the first 10-year syndicated benchmark since 2010. The distribution by investor profile was 11% hedge funds, 4% pension/insurance, 68% fund managers, 14.5% banks/private banks and 2.5% CB/Ois. The distribution by investor country was 37.5% UK, 12% Greece, 9.5% Germany/Austria, 9.5% France, 8% US, 6.5% Italy, 6% Nordics, 5% Iberia, 5.5% Other Europe and 0.5% Other. It is reminded that according to the PDMA Financing Strategy for 2019, Greece plans to issue in total between €5bn and €7bn of benchmark bonds in 2019. In other news, deliberations between the Greek government and the institutions on the revision of the legal framework for the protection of primary residences of debtors are still ongoing. According to press reports, the institutions' concerns pertain primarily to the impact of the new framework to banks' capital, the extent to which it excludes strategic defaulters and the income and wealth eligibility criteria.

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Wednesday 06 March 2019

BULGARIA: Indicators	2016	2017e	2018f
Real GDP growth %	3.9	3.8	3.8
CPI (pa, yoy %)	-0.8	2.1	2.4
Budget Balance/GDP*	1.6	0.8	-1.0
Current Account/GDP	5.4	5.0	4.5
EUR/BGN (eop)	1.9558		
	2016	current	2017
Policy Rate (eop)	N/A	N/A	N/A

* on a cash basis

Source: Reuters, Bloomberg, Eurobank Research,
National Authorities

Credit Ratings			
L-T ccy	Moody's	S&P	Fitch
SERBIA	Ba3	BB	BB
ROMANIA	Baa3	BBB-	BBB-
BULGARIA	Baa2	BBB-	BBB
CYPRUS	Ba2	BBB-	BB+

Latest economic & market developments in the CESEE region

CYPRUS

The Central Bank of Cyprus published yesterday the residential property price index (RPPI) for Q3-2018. On a quarterly basis, the RPPI increased by 0.3% QoQ, remaining unchanged compared to the previous quarter, compared to 0.6% QoQ in Q1-2018, 0.4% QoQ in Q4-2017, 0.4% QoQ in Q3-2017. The quarterly rise reflects the combined effect of an increase in apartment prices by 1.2% QoQ and house prices staying flat. The sub-indices of residential property prices by district have increased across the board, with the exception of Paphos, where a marginal decrease of 0.2% on a quarterly basis was recorded.

On an annual basis, the RPPI Index expanded by 1.6% YoY in Q3-2018 vs. 1.7% YoY in Q2-2018 compared to 1.8% YoY in Q1-2018, recording the seventh consecutive quarterly increase for the first time since 2008. This was up from 1.5% YoY in Q4-2017, 1.4% YoY in Q3-2017, 1.1% YoY in Q2-2017 up from 0.2% YoY in Q1-2017, -0.9% YoY in Q4-2016 compared to -1.3% YoY in Q3-2016, -1.7% YoY in Q2-2016, and smaller in absolute terms than -1.6% YoY in Q1-2016, -1.8% YoY in Q4-2015 and -3.7% YoY in Q3-2015. All residential prices district sub-indices (Famagusta, Nicosia, Larnaca, Limassol) have recorded increases on an annual basis, with the exception of Paphos where prices recorded a small decline (-0.4% YoY). The largest annual increase in house prices was recorded in Famagusta (4.6%) and in apartment prices in Limassol (6.1%).

The Central Bank attributed the significant increase in apartment prices in Limassol to the increased demand mainly in coastal areas, in part, due to the transactions in the context of the Citizenship by Investment program. The Central Bank emphasized that despite the general moderate price increases, the dynamics of price increases, especially in Limassol, underline the need for close monitoring of developments and vigilance.

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Wednesday 06 March 2019

GLOBAL MARKETS

Stock markets				FOREX			Government Bonds				Commodities				
	Last	ΔD	ΔYTD		Last	ΔD	ΔYTD	(yields)	Last	ΔDbps	ΔYTD bps		Last	ΔD	ΔYTD
S&P 500	2789.65	-0.1%	11.3%	EUR/USD	1.1302	-0.1%	-1.5%	UST - 10yr	2.70	-1	2	GOLD	1290	0.1%	0.6%
Nikkei 225	21596.81	-0.6%	7.9%	GBP/USD	1.3141	-0.3%	3.0%	Bund-10yr	0.14	-3	-10	BRENT CRUDE	65	-0.6%	21.7%
STOXX 600	375.64	0.1%	11.3%	USD/JPY	111.78	0.1%	-1.9%	JGB - 10yr	0.00	-1	-1	LME X	3042	0.9%	8.6%

SERBIA

Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	2.30	-1	-14
1-week	2.43	-2	-13
1-month	2.64	-4	-9
3-month	2.96	-3	-7
6-month	3.10	-3	-8

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	3.16	-1	10
5Y RSD	3.77	0	27
7Y RSD	4.05	0	-10

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Feb-20	3.80	0	-20

CDS

	Last	ΔDbps	ΔYTD bps
5-year	100	0	-17
10-year	153	-1	-9

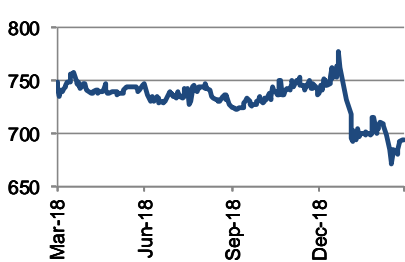
STOCKS

	Last	ΔD	ΔYTD
BELEX15	694.1	0.06%	-8.88%

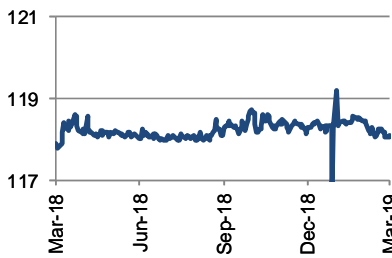
FOREX

	Last	ΔD	ΔYTD
EUR/RSD	118.08	-0.31%	0.14%

BELEX15 Index



EUR/RSD



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	2.75	0	166
1-month	3.18	0	131
3-month	3.22	0	117
6-month	3.35	0	108
12-month	3.52	0	120

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	3.77	0	-26
5Y RON	4.26	0	-8
10Y RON	4.67	0	-14

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	1.47	-	-7
USD Jan-24	3.71	0	-53

CDS

	Last	ΔDbps	ΔYTD bps
5-year	107	3	17
10-year	153	3	19

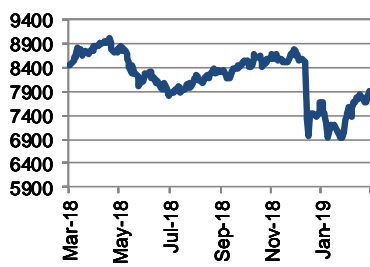
STOCKS

	Last	ΔD	ΔYTD
BET	7914.4	1.42%	7.19%

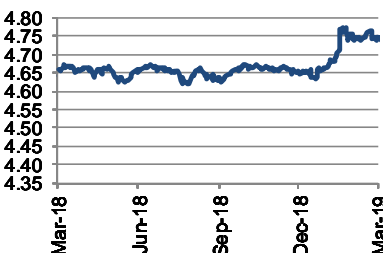
FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.7468	0.04%	-1.95%

BET Index



EUR/RON



BULGARIA

Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	0.01	0	1
1-month	-0.22	8	3
3-month	-0.14	9	4
6-month	-0.02	10	3
12-month	0.36	14	4

BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	-0.14	#N/A	N/A
5Y BGN	0.07	0	-4
10Y BGN	0.59	0	-17

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Mar-22	-0.07	0	-2
EUR Sep-24	0.22	0	-26

CDS

	Last	ΔDbps	ΔYTD bps
5-year	78	-2	-19
10-year	120	-2	-22

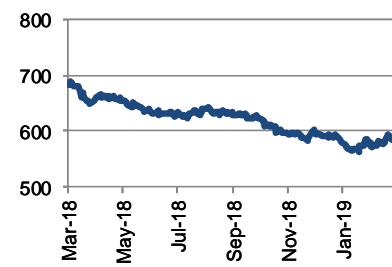
STOCKS

	Last	ΔD	ΔYTD
SOFIX	583.0	-0.36%	-1.93%

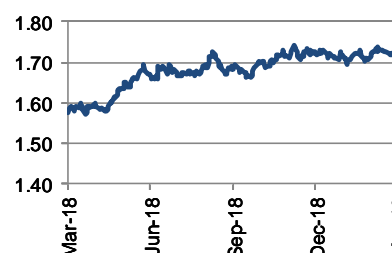
FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.7306	-0.06%	-1.45%

SOFIX Index



USD/BGN



Source: Reuters, Bloomberg, Eurobank Economic Analysis and Financial Markets Research

Data updated as of 9:15 EEST

Wednesday 06 March 2019

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